

## INTRODUCTION: Public Debt Operations

The Second Liberty Bond Act (31 U.S.C. 3101, et seq.) allows the Secretary of the Treasury to borrow money by issuing Treasury securities. The Secretary determines the terms and conditions of issue, conversion, maturity, payment, and interest rate. New issues of Treasury notes mature in 2 to 10 years. Bonds mature in more than 10 years from the issue date. Each marketable security is listed in the "Monthly Statement of the Public Debt of the United States." The information in this section of the "Treasury Bulletin" pertains only to marketable Treasury securities, current bills, notes, and bonds.

- Table **PDO-1** provides a maturity schedule of interest-bearing marketable public debt securities other than regular weekly and 52-week bills. All unmatured Treasury notes and bonds are listed in maturity order, from earliest to latest. A separate breakout is provided for the combined holdings of the Government accounts and Federal Reserve banks, so that the "all other investors" category includes all private holdings.

- Table **PDO-2** presents the results of weekly auctions of 13- and 26-week bills, as well as auctions of 52-week bills, which are held every fourth week. Treasury bills mature each Thursday. New issues of 13-week bills are *reopenings* of 26-week bills. The 26-week bill issued every fourth week to

mature on the same Thursday as an existing 52-week bill is a reopening of the existing 52-week bill. New issues of *cash management bills* are also presented. High, low, and average yields on accepted tenders and the dollar value of total bids are presented, with the dollar value of awards made on both competitive and noncompetitive basis.

Treasury accepts noncompetitive tenders of up to \$1 million for bills and \$5 million for notes and bonds in each auction of securities to encourage participation of individuals and smaller institutions.

- Table **PDO-3** lists the results of auctions of marketable securities, other than weekly bills, in chronological order over the past 2 years. Included are: notes and bonds from table PDO-1; 52-week bills from table PDO-2; and data for cash management bills. The maturities of cash management bills coincide with those of regular issues of Treasury bills.

- Table **PDO-4** indicates the total amount of marketable securities allotted to each class of investor. The Federal Reserve banks tally into investor classes the tenders in each auction of marketable securities other than weekly auctions of 13- and 26-week bills.

## TREASURY FINANCING: JULY-SEPTEMBER

### JULY

#### Auction of 10-Year Notes

July 3 Treasury announced it would auction \$10,000 million of 10-year notes to refund \$7,004 million of notes maturing July 15 and to raise about \$3,000 million new cash. The notes offered were Treasury notes of Series C-2006, dated July 15, 1996, due July 15, 2006, with interest payable January 15 and July 15 until maturity. An interest rate of 7 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for non-competitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on July 9, and totaled \$26,618 million, of which \$10,005 million was accepted at yields ranging from 7.005 percent, price 99.964, up to 7.019 percent, price 99.865. Tenders at the high yield were allotted 86 percent. Noncompetitive tenders were accepted in full at the average yield, 7.016 percent, price 99.886. These totaled \$385 million. Competitive tenders accepted from private investors totaled \$9,620 million.

In addition to the \$10,005 million of tenders accepted in the auction process, \$800 million was awarded to Federal Reserve banks as agents for foreign and international monetary authorities, and \$721 million was accepted from Federal Reserve banks for their own account.

The notes of Series C-2006 may be held in STRIPS form. The minimum par amount required is \$200,000.

#### Auction of 2-Year and 5-Year Notes

July 17 Treasury announced it would auction \$18,750 million of 2-year notes of Series AH-1998 and \$12,500 million of 5-year notes of Series L-2001 to refund \$27,768 million of securities maturing July 31 and to raise about \$3,475 million new cash.

The notes of Series AH-1998 were dated July 31, 1996, due July 31, 1998, with interest payable January 31 and July 31 until maturity. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for non-competitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on July 23, and totaled \$40,761 million, of which \$18,786 million was accepted. All competitive tenders at yields lower than 6.288 percent were accepted in full. Tenders at 6.288 percent were allotted 68 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.288 percent with an equivalent price of 99.930. The median yield was 6.270 percent; and the low yield was 6.239 percent. Noncompetitive tenders totaled \$1,537 million. Competitive tenders accepted from private investors totaled \$17,249 million.

In addition to the \$18,786 million of tenders accepted in the auction process, \$1,900 million was accepted from Federal Reserve banks as agents for foreign and international monetary

## TREASURY FINANCING: JULY-SEPTEMBER, *con.*

authorities, and \$817 million was accepted from Federal Reserve banks for their own account.

The notes of Series L-2001 were dated July 31, 1996, due July 31, 2001, with interest payable January 31 and July 31 until maturity. An interest rate of 6-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for non-competitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on July 24, and totaled \$27,061 million, of which \$12,510 million was accepted. All competitive tenders at yields lower than 6.625 percent were accepted in full. Tenders at 6.625 were allotted 9 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.625 percent with an equivalent price of 100.000. The median yield was 6.572 percent; and the low yield was 6.537 percent. Noncompetitive tenders totaled \$512 million. Competitive tenders accepted from private investors totaled \$11,998 million.

In addition to the \$12,510 million of tenders accepted in the auction process, \$900 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$700 million was accepted from Federal Reserve banks for their own account.

### 52-Week Bills

July 12 tenders were invited for approximately \$19,250 million of 364-day Treasury bills to be dated July 25, 1996, and to mature July 24, 1997. The issue was to refund \$18,359 million of maturing 52-week bills and to raise about \$900 million new cash. The bills were auctioned on July 18. Tenders totaled \$48,582 million, of which \$19,372 million was accepted, including \$930 million of noncompetitive tenders from the public and \$5,226 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. An additional \$795 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. The average bank discount rate was 5.49 percent.

## AUGUST

### August Quarterly Financing

July 31 Treasury announced it would auction \$19,000 million of 3-year notes of Series Y-1999, \$10,000 million of 9-year 11-month 7 percent notes of Series C-2006, and \$10,000 million of 30-year bonds of August 2026 to refund \$17,596 million of Treasury securities maturing August 15 and to raise about \$21,400 million new cash.

The notes of Series Y-1999 were dated August 15, 1996, due August 15, 1999, with interest payable February 15 and August 15 until maturity. An interest rate of 6 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for non-competitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on August 6, and totaled \$43,675 million, of which \$19,007 million was accepted at yields ranging from 6.110 percent, price 99.703, up to 6.124 percent, price 99.665. Tenders at the high yield were allotted 12 percent. Noncompetitive tenders were accepted in full at the average yield, 6.118 percent, price 99.681. These totaled \$621 million. Competitive tenders accepted from private investors totaled \$18,386 million.

In addition to the \$19,007 million of tenders accepted in the auction process, \$1,881 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$1,780 million was accepted from Federal Reserve banks for their own account.

The 7 percent notes of Series C-2006 were an additional issue of notes dated July 15, 1996, due July 15, 2006, with interest payable January 15 and July 15 until maturity. Accrued interest of \$5.89674 per \$1,000, covering the period from July 15, 1996, to August 15, 1996, was payable with each accepted tender.

Tenders were received prior to 12 noon, e.d.t., for non-competitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on August 7, and totaled \$22,192 million, of which \$10,000 million was accepted at yields ranging from 6.514 percent, price 103.494, up to 6.553 percent, price 103.207. Tenders at the high yield were allotted 95 percent. Noncompetitive tenders were accepted in full at the average yield, 6.535 percent, price 103.339. These totaled \$385 million. Competitive tenders accepted from private investors totaled \$9,615 million.

In addition to the \$10,000 million of tenders accepted in the auction process, \$300 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$900 million was accepted from Federal Reserve banks for their own account. The notes of Series C-2006 may be held in STRIPS form. The minimum par amount required is \$200,000.

The bonds of August 2026 were dated August 15, 1996, due August 15, 2026, with interest payable February 15 and August 15 until maturity. An interest rate of 6-3/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders for the bonds were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on August 8, and totaled \$22,615 million, of which \$10,001 million was accepted at yields ranging from 6.764 percent, price 99.821, up to 6.778 percent, price 99.643. Tenders at the high yield were allotted 61 percent. Noncompetitive tenders were accepted in full at the average yield, 6.768 percent, price 99.770. These totaled \$317 million. Competitive tenders accepted from private investors totaled \$9,684 million.

## TREASURY FINANCING: JULY-SEPTEMBER, con.

In addition to the \$10,001 million of tenders accepted in the auction process, \$900 million was accepted from Federal Reserve banks for their own account.

The bonds of August 2026 may be held in STRIPS form. The minimum par amount required is \$800,000.

### Auction of 2-Year and 5-Year Notes

August 21 Treasury announced it would auction \$18,750 million of 2-year notes of Series AJ-1998 and \$12,500 million of 5-year notes of Series M-2001 to refund \$27,808 million of securities maturing August 31 and to raise about \$3,450 million new cash.

The notes of Series AJ-1998 were dated September 3, 1996, due August 31, 1998, with interest payable the last calendar day of February and August until maturity. An interest rate of 6-1/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on August 27, and totaled \$41,737 million, of which \$18,752 million was accepted. All competitive tenders at yields lower than 6.170 percent were accepted in full. Tenders at 6.170 percent were allotted 21 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.170 percent with an equivalent price of 99.917.

The median yield was 6.150 percent; and the low yield was 6.119 percent. Noncompetitive tenders totaled \$1,517 million. Competitive tenders accepted from private investors totaled \$17,235 million.

In addition to the \$18,752 million of tenders accepted in the auction process, \$2,350 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$784 million was accepted from Federal Reserve banks for their own account.

The notes of Series M-2001 were dated September 3, 1996, due August 31, 2001, with interest payable the last calendar day of February and August until maturity. An interest rate of 6-1/2 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on August 28, and totaled \$26,681 million, of which \$12,502 million was accepted. All competitive tenders at yields lower than 6.568 percent were accepted in full. Tenders at 6.568 percent were allotted 86 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.568 percent with an equivalent price of 99.715.

The median yield was 6.535 percent; and the low yield was 5.530 percent. Noncompetitive tenders totaled \$534 mil-

lion. Competitive tenders accepted from private investors totaled \$11,968 million.

In addition to the \$12,502 million of tenders accepted in the auction process, \$950 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$525 million was accepted from Federal Reserve banks for their own account.

### 52-Week Bills

August 9 tenders were invited for approximately \$19,250 million of 364-day Treasury bills to be dated August 22, 1996, and to mature August 21, 1997. The issue was to refund \$18,464 million of maturing 52-week bills and to raise about \$775 million new cash. The bills were auctioned on August 15. Tenders totaled \$48,788 million, of which \$19,386 million was accepted, including \$902 million of noncompetitive tenders from the public and \$5,610 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities.

An additional \$1,171 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. The average bank discount rate was 5.36 percent.

### Cash Management Bills

August 27 tenders were invited for approximately \$30,000 million of 14-day bills to be dated September 3, 1996, and to mature September 17, 1996. The issue was to raise new cash.

Tenders were opened on August 29. They totaled \$60,065 million, of which \$30,010 million was accepted. The average bank discount rate was 5.24 percent.

## SEPTEMBER

### Auction of 2-Year and 5-Year Notes

September 18 Treasury announced it would auction \$18,250 million of 2-year notes of Series AK-1998 and \$12,500 million of 5-year notes of Series N-2001 to refund \$28,146 million of securities maturing September 30 and to raise about \$2,600 million new cash.

The notes of Series AK-1998 were dated September 30, 1996, due September 30, 1998, with interest payable March 31 and September 30 until maturity. An interest rate of 6 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on September 25, and totaled \$48,171 million, of which \$18,255 million was accepted. All competitive tenders at yields lower than 6.080 percent were accepted in full. Tenders at 6.080 percent were allotted 17 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.080 percent with an equivalent price of 99.851.

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The median yield was 6.060 percent; and the low yield was 6.011 percent. Noncompetitive tenders totaled \$1,452 million. Competitive tenders accepted from private investors totaled \$16,803 million.

In addition to the \$18,255 million of tenders accepted in the auction process, \$2,250 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$931 million was accepted from Federal Reserve banks for their own account.

The notes of Series N-2001 were dated September 30, 1996, due September 30, 2001, with interest payable March 31 and September 30 until maturity. An interest rate of 6-3/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on September 26, and totaled \$32,178 million, of which \$12,502 million was accepted. All competitive tenders at yields lower than 6.409 percent were accepted in full. Tenders at 6.409 percent were allotted 3 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.409 percent with an equivalent price of 99.856. The median yield was 6.390 percent; and the low yield was 6.350 percent.

Noncompetitive tenders totaled \$477 million. Competitive tenders accepted from private investors totaled \$12,025 million.

In addition to the \$12,502 million of tenders accepted in the auction process, \$1,350 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$650 million was accepted from Federal Reserve banks for their own account.

**52-Week Bills**

September 6 tenders were invited for approximately \$19,250 million of 364-day Treasury bills to be dated September 19, 1996, and to mature September 18, 1997. The issue was to refund \$19,275 million of maturing 52-week bills and to pay down about \$25 million. The bills were auctioned on September 12.

Tenders totaled \$51,680 million, of which \$19,376 million was accepted, including \$856 million of noncompetitive tenders from the public and \$6,493 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. An additional \$517 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. The average bank discount rate was 5.57 percent. ◇